

# FISCAL NOTE

**Bill #:** SB0004

**Title:** Revise state veteran's affairs structure

**Primary Sponsor:** Roush, G

**Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$13,508	\$13,544
<b>Revenue:</b>		
State Special Revenue	\$101,235	\$138,540
<b>Net Impact on General Fund Balance:</b>	(\$13,508)	(\$13,544)

<input type="checkbox"/> Significant Local Gov. Impact	<input checked="" type="checkbox"/> Technical Concerns
<input type="checkbox"/> Included in the Executive Budget	<input checked="" type="checkbox"/> Significant Long-Term Impacts
<input checked="" type="checkbox"/> Dedicated Revenue Form Attached	<input checked="" type="checkbox"/> Needs to be included in HB 2

## Fiscal Analysis

### ASSUMPTIONS:

#### **Department of Military Affairs**

1. "Patriotic" license plate sales will follow same purchasing trend of "Veteran" license plate sales during the "Veteran" plate's first two full years of existence. There were 6749 "Veteran" plates sold in FY 1993 and 9236 "Veteran" plates sold in FY 1994.
2. "Veterans' Affairs Interagency Coordinating Council" will meet quarterly, with five members authorized compensation, reimbursement for travel and per diem.
3. This bill provides for a "veteran's assistance account" in the state special revenue fund.
4. Under the bill, the Department of Military and Veteran's Affairs would sponsor a generic license plate. The plates could be purchased for a \$15 surcharge that, in effect, amounts to a charitable contribution, the revenue from which would be deposited into the veteran's assistance account.

#### **Department of Revenue**

5. The bill makes a specific provision that donations to either the veteran's assistance account, or to the existing veteran's cemetery program, as well as the \$15 "surcharge" for generic license plates, may be taken as a "deduction" for income tax purposes. Only taxpayers who itemize deductions would be allowed to deduct these donations and surcharges. Because these donations, as well as the surcharge, are deductible under current law as charitable contributions, there is no impact on individual income taxes under this bill.

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6. Administrative expenses for the department will increase under this bill to provide for 0.25 FTE in cashiering (see technical notes) and for forms printing expenses.

**Secretary of State**

7. The office of the Secretary of State anticipates no significant fiscal impact resulting from the dissemination of tribal notices.

**Department of Corrections**

8. This bill is not anticipated to have any significant fiscal impact to the Montana Correctional Enterprises License Plate Factory.

**FISCAL IMPACT:**

	<u>FY 2004</u> <u>Difference</u>	<u>FY 2005</u> <u>Difference</u>
<b>Department of Revenue</b>		
FTE	0.25	0.25
<u>Expenditures:</u>		
Personal Services	\$6,385	\$6,385
Operating Expenses	2,367	2,403
TOTAL	\$8,752	\$8,788
<u>Funding of Expenditures:</u>		
General Fund (01)	\$8,752	\$8,788
<b>Department of Military Affairs</b>		
<u>Expenditures:</u>		
Operating Expenses	\$4,756	\$4,756
<u>Funding of Expenditures:</u>		
General Fund (01)	\$4,756	\$4,756
<b>Totals</b>		
<u>Revenues:</u>		
State Special Revenue (02)	\$101,235	\$138,540
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$13,508)	(\$13,544)
State Special Revenue (02)	\$101,235	\$138,540

**LONG-RANGE IMPACTS:**

“Patriotic” license plate sales have the potential to compete against “Veteran” license plate sales. State veterans cemeteries’ maintenance, upkeep and administration expenditures are predominately funded from “Veteran” license plate sales, and all revenue (sales plus donations and plot allowance fees) are deposited into a state special revenue account. The veterans cemeteries state special revenue account is fiscally stable enough to fund the existing two cemeteries, along with a potential third, in perpetuity with no general fund support. Erosion to “Veteran” license plate sales could negatively impact that fiscal status.

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TECHNICAL NOTES:

1. The bill allows taxpayers to remit a separate check for donations to the veteran's services account or the veterans cemetery program. This poses two administrative concerns for the Department of Revenue. First, the taxpayer may not indicate into which account the donation is to be deposited, thereby requiring administrative time and cost contacting the taxpayer to ensure proper deposit of the donation. Second, this could result in delaying processing of some returns and, if these are refund returns, the delay could result in additional interest payments by the state to taxpayers.
2. An effective date is not stated, but July 1 would be usual for a bill of this type.